



Janice K. Brewer, Governor
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Our first care is your health care
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

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January 28, 2009

Ms. Carolyn Rose
Chief Executive Officer
Health Choice Arizona
1600 West Broadway, Suite #260
Tempe AZ 85282-1136

SUBJECT: Final Aged Pended Encounter Sanctions September 2008

Dear Ms. Rose:

The attached information will apprise you of your final aged pended encounter sanctions for the quarter ending September 2008. According to our contract, Health Choice Arizona is required to resolve all pended encounters within 120 calendar days of the processing date. If this requirement is not met, the contract provides for sanctions specified in Attachment I of the Acute Care contract.

The exception to the above is when the pended encounter is due to an Arizona Health Care Cost Containment System (AHCCCS) error. AHCCCS error is defined as a pended encounter, which

- (1) AHCCCS acknowledges to be the result of its own error, and
- (2) Requires a change to the system programming, an update to the database reference table, or further research by AHCCCS. Contractors must notify AHCCCS, in writing, that the resolution of a pended encounter depends on AHCCCS instead of the Contractor. Pended encounters do not qualify as AHCCCS error if AHCCCS reviews the Contractor's notification and asks the Contractor to research the issue and provide additional substantiating documentation, or if AHCCCS disagrees with the Contractor's claims of AHCCCS error.

AHCCCS distributed preliminary sanction results, including a summary of encounters excluded from sanctions. Contractors were provided an opportunity to review the preliminary results, and to provide input to items believed to be sanctioned in error. Contractor input was considered in determining the final sanction amount. We have elected to make the following adjustment to your sanctionable pended encounter summary.

- ◆ Error codes due to AHCCCS error were waived for the quarter ending September 2008.

Please note that, even when sanctions are waived, you are liable for correcting all pended encounters unless the error is due to AHCCCS error. You will be notified when systems' corrections are made that will enable pends (due to AHCCCS error) to automatically clear. At that time, all pends that are still unable to successfully adjudicate will begin anew with an internal 120 day clock for Health Plan correction. The true age for these pended encounters will still appear on your aging reports.

Ms. Rose
January 28, 2009

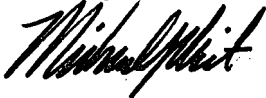
Enclosed is a summary of the final sanction results. For the quarter ending September 2008, Health Choice Arizona had 3,103 pended encounters over 120 days old that are sanctionable. The sanction amount is \$41,925. The sanction amount of \$41,925 will be suspended this quarter. If it appears that aged pended encounters are not corrected timely, the September 2008 sanction may be levied retroactively. AHCCCS intends to resume sanctioning for the next quarter.

Please retrieve your pended encounter sanction information from AHCCCS' FTP server. The path is 170.68.41.1\HCA\encounter\010497OUT and the file names are:

- ◆ Health Choice September 2008 Final Sanctions.txt
- ◆ Health Choice September 2008 Final Waived Encounters.pdf
- ◆ Health Choice September 2008 Final Error Summary.pdf
- ◆ Health Choice September 2008 Final Age Category.pdf

If you have any questions regarding your pended encounter sanctions, please contact Brent Ratterree at Brent.Ratterree@azahcccs.gov or (602) 417-4571.

Sincerely,



Michael Veit
Contracts & Purchasing, Administrator
Division of Business and Finance
Mail Drop #5700

cc: Shelli Silver
Lori Petre
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